

TOWN OF BRINY BREEZES, FLORIDA

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

TOWN OF BRINY BREEZES, FLORIDA

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Briny Breezes, Florida (the "Town") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3-7 and 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of revenues, expenses, and changes in fund net position – proprietary fund – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenses, and changes in fund net position – proprietary fund – budget and actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in fund net position – proprietary fund – budget and actual is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
March 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

The Town of Briny Breezes' (the "Town") Management's Discussion and Analysis is designed to:

1. Assist the reader in focusing on significant financial issues
2. Provide an overview of the Town's financial position
3. Identify any material deviations from the approved budget
4. Identify changes in the Town's financial position
5. Identify individual fund issues or concerns

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The Town's combined net position decreased as a result of this year's operations. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,488,085 (net position). Of this amount, \$692,599 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The general fund revenues were \$738,856 at the close of fiscal year 2018. During this period and at the end of the 2018 fiscal year, the unassigned fund balance for the general fund was \$327,839 or 48% of the total general fund expenditures.

The proprietary fund operating revenues at the close of fiscal year 2018 were \$268,373. When taking into account the operating expenses of \$262,265 and the non-operating revenues of \$3,230, the net position in the proprietary fund increased by \$9,338.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private sector business.

The Statement of Net Position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as a net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Changes in the Town's property tax base will also need to be considered in assessing the overall health of the Town.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Statements (Continued)

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. In the Statement of Net Position and Statement of Activities, we divide the Town into two types of activities.

Governmental Activities – Most of the Town's basic services are reported here, including public safety and general administration. Property taxes and franchise fees, intergovernmental shared revenues and charges for services finance most of these activities.

Business-type Activities – The Town charges a fee to customers to help it cover the cost of certain services it provides (i.e. water and sewer).

Fund Financial Statements

Fund Financial Statements provide detailed information about the most significant funds, not the Town as a whole. The Town uses the funds to keep track of specific sources of funding and spending for a particular purpose.

The Town's governmental fund includes most of the Town's basic services. The Town's one governmental fund is the General Fund which is the main operating fund for the Town. The Town adopts an annual appropriated budget for the General Fund.

Proprietary Funds are for reporting on services for which the Town charges customers a fee. The Town's Enterprise Fund (one type of proprietary fund) is the same as its business type activities but provides more detail and additional information such as cash flows.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Town's net position for the fiscal year ending 2018 is reported at \$1,488,085. Net Position for the fiscal year ending 2018 for governmental activities are reported at \$328,868. The net position for the business-type activities is reported at \$1,159,217 for the fiscal year ending 2018.

Overall the financial position of the total primary government activities decreased compared to the prior year, with a decrease in net position for both the governmental activities and for the business type activities.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (Continued)

The following table shows a summary of the Town's net position at September 30, 2018.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total		Total % Change
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
Current and other assets	\$ 332,603	\$ 372,654	\$ 378,390	\$ 409,566	\$ 710,993	\$ 782,220	-9%
Capital assets	-	-	794,457	836,695	794,457	836,695	-5%
Total assets	<u>332,603</u>	<u>372,654</u>	<u>1,172,847</u>	<u>1,246,261</u>	<u>1,505,450</u>	<u>1,618,915</u>	<u>-7%</u>
Current and other liabilities	3,735	18,138	13,630	12,233	17,365	30,371	-43%
Total liabilities	<u>3,735</u>	<u>18,138</u>	<u>13,630</u>	<u>12,233</u>	<u>17,365</u>	<u>30,371</u>	<u>-43%</u>
Net position							
Investment in capital assets	-	-	794,457	836,695	794,457	836,695	-5%
Restricted	1,029	66,548			1,029	66,548	-98%
Unrestricted	327,839	287,968	364,760	397,333	692,599	685,301	1%
Total net position	<u>\$ 328,868</u>	<u>\$ 354,516</u>	<u>\$ 1,159,217</u>	<u>\$ 1,234,028</u>	<u>\$ 1,488,085</u>	<u>\$ 1,588,544</u>	<u>-6%</u>

The decrease in assets is due to funds having been returned to Briny Breezes Inc. for multiple projects that were not undertaken. See note 8 to the financial statements for more information.

Changes in Net Position

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (i.e. uncollected taxes).

The net increase for governmental activities totaled \$49,352.

The net increase in business-type activities totaled \$9,338.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Changes in Net Position (Continued)

The following table provides a summary of the Town's changes in net position for the year ended September 30, 2018.

	Governmental		Business-type Activities		Total		Total %
	Activities						Change
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
Revenues							
Program revenues							
Charges for services	\$ 181,170	\$ 252,740	\$ 268,373	\$ 260,043	\$ 449,543	\$ 512,783	-12%
General revenues							
Property taxes	435,741	399,030	-	-	435,741	399,030	9%
Intergovernmental	59,882	55,945	-	-	59,882	55,945	7%
Utility taxes	59,386	47,933	-	-	59,386	47,933	24%
Investment and other income	1,850	343	3,230	864	5,080	1,207	321%
Other revenue	827	259	-	-	827	259	219%
Total revenues	<u>738,856</u>	<u>756,250</u>	<u>271,603</u>	<u>260,907</u>	<u>1,010,459</u>	<u>1,017,157</u>	<u>-1%</u>
Expenses							
General government	82,024	83,478	-	-	82,024	83,478	-2%
Public safety	592,239	574,028	-	-	592,239	574,028	3%
Physical environment	13,875	23,950	-	-	13,875	23,950	-42%
Culture and recreation	1,366	1,125	-	-	1,366	1,125	21%
Water and sewer	-	-	262,265	275,726	262,265	275,726	-5%
Total expenses	<u>689,504</u>	<u>682,581</u>	<u>262,265</u>	<u>275,726</u>	<u>951,769</u>	<u>958,307</u>	<u>-1%</u>
Change in net position	49,352	73,669	9,338	(14,819)	58,690	58,850	0%
Net position beginning of year, as previously	<u>354,516</u>	<u>280,847</u>	<u>1,234,028</u>	<u>1,488,085</u>	<u>1,588,544</u>	<u>1,768,932</u>	<u>-10%</u>
Presented prior period adjustment (See note 8)	75,000	-	84,149	-	159,149	-	100%
Net position beginning of year, as restated	<u>279,516</u>	<u>-</u>	<u>1,149,879</u>	<u>-</u>	<u>1,429,395</u>	<u>-</u>	<u>100%</u>
Net position - ending	<u>\$ 328,868</u>	<u>\$ 354,516</u>	<u>\$ 1,159,217</u>	<u>\$ 1,473,266</u>	<u>\$ 1,488,085</u>	<u>\$ 1,827,782</u>	<u>-19%</u>

Revenues remained consistent, with a net decrease of 1% compared to the prior year primarily due to a decrease in payments from Briny Breezes, Inc. for Police Services, but with an increase in property taxes.

Expenses remained consistent, decreasing 1% compared to the prior year.

Financial Analysis of the Governmental Fund

As the Town of Briny Breezes completed the year, the general fund reported an unassigned fund balance of \$327,839, an increase of \$39,871 from the previous year.

TOWN OF BRINY BREEZES
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

General Fund Budgetary Highlights

Actual expenditures were approximately \$78,000 less than the anticipated budget and revenues were approximately \$28,600 less than the budgeted amounts. These variations are not expected to have a significant effect on future services or liquidity.

Capital Asset and Debt Administration

The Town had no additions to the Governmental Activities nor the Business Type Activities capital assets during the 2018 fiscal year.

	Governmental Activities		Business-Type Activities		Total		% Change
	2018	2017	2018	2017	2018	2017	
Leasehold Improvements	\$ 145,557	\$ 145,557	\$ -	\$ -	\$ 145,557	\$ 145,557	0.0%
Furniture and equipment	19,449	19,449	-	-	19,449	19,449	0.0%
Infrastructure	-	-	1,642,191	1,642,191	1,642,191	1,642,191	0.0%
Total	165,006	165,006	1,642,191	1,642,191	1,807,197	1,807,197	0.0%
Accumulated depreciation	(165,006)	(165,006)	(847,734)	(805,496)	(1,012,740)	(970,502)	-4.4%
Total Capital assets	\$ -	\$ -	\$ 794,457	\$ 836,695	\$ 794,457	\$ 836,695	5.0%

For additional information on the Town's capital assets see note 5 on page 21.

Debt

As of September 30, 2018, the Town had no debt.

Economic Factors and Next Year's Budgets and Rates

For the 2018 fiscal year, the general fund expenditure budget increased to \$767,460, a \$43,443 increase compared to FY2017. The millage rate was maintained at 10.000 mils. The enterprise fund's budget remained constant at \$268,373.

Contacting the Town's Financial Management

This financial report is designed to provide our residents and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives and disburses. If you have any questions about this report or need additional information, please address them in writing to the Town of Briny Breezes, 4802 N. Ocean Boulevard Briny Breezes FL 33435.

BASIC FINANCIAL STATEMENTS

TOWN OF BRINY BREEZES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 315,681	\$ 374,523	\$ 690,204
Restricted assets:			
Cash and cash equivalents	1,029	-	1,029
Accounts receivable, net	11,024	-	11,024
Prepays	4,869	3,867	8,736
Capital assets:			
Furniture and equipment	19,449	-	19,449
Leasehold improvements	145,557	-	145,557
Infrastructure	-	1,642,191	1,642,191
Total capital assets	165,006	1,642,191	1,807,197
Less accumulated depreciation	(165,006)	(847,734)	(1,012,740)
Total capital assets - net	-	794,457	794,457
Total assets	<u>332,603</u>	<u>1,172,847</u>	<u>1,505,450</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	<u>3,735</u>	<u>13,630</u>	<u>17,365</u>
Total liabilities	<u>3,735</u>	<u>13,630</u>	<u>17,365</u>
<u>NET POSITION</u>			
Investment in capital assets	-	794,457	794,457
Restricted for:			
Roads and transportation	1,029	-	1,029
Unrestricted	<u>327,839</u>	<u>364,760</u>	<u>692,599</u>
Total net position	<u>\$ 328,868</u>	<u>\$ 1,159,217</u>	<u>\$ 1,488,085</u>

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
<u>Functions/programs</u>						
Governmental activities:						
General government	\$ 82,024	\$ 18,030	\$ -	\$ (63,994)	\$ -	\$ (63,994)
Public safety	592,239	163,140	-	(429,099)	-	(429,099)
Physical environment	13,875	-	-	(13,875)	-	(13,875)
Culture and recreation	1,366	-	-	(1,366)	-	(1,366)
Total governmental activities	<u>689,504</u>	<u>181,170</u>	<u>-</u>	<u>(508,334)</u>	<u>-</u>	<u>(508,334)</u>
Business-type activities:						
Water and Sewer	<u>262,265</u>	<u>268,373</u>	<u>-</u>	<u>-</u>	<u>6,108</u>	<u>6,108</u>
Total business-type activities	<u>262,265</u>	<u>268,373</u>	<u>-</u>	<u>-</u>	<u>6,108</u>	<u>6,108</u>
Total	<u>\$ 951,769</u>	<u>\$ 449,543</u>	<u>\$ -</u>	<u>\$ (508,334)</u>	<u>\$ 6,108</u>	<u>\$ (502,226)</u>
General revenues:						
Property taxes				\$ 435,741	\$ -	\$ 435,741
Utility taxes				59,386	-	59,386
Intergovernmental (unrestricted)				59,882	-	59,882
Investment income				1,850	3,230	5,080
Other revenue				827	-	827
Total general revenues				<u>557,686</u>	<u>3,230</u>	<u>560,916</u>
Change in net position				<u>49,352</u>	<u>9,338</u>	<u>58,690</u>
Net position beginning of year, as previously presented				<u>354,516</u>	<u>1,234,028</u>	<u>1,588,544</u>
Prior period adjustment (See note 8)				75,000	84,149	159,149
Net position beginning of year, as restated				<u>279,516</u>	<u>1,149,879</u>	<u>1,429,395</u>
Fund balances - ending				<u>\$ 328,868</u>	<u>\$ 1,159,217</u>	<u>\$ 1,488,085</u>

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2018

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 315,681
Accounts receivable, net	11,024
Prepaid	4,869
Restricted assets:	
Cash and cash equivalents	1,029
Total assets	<u>\$ 332,603</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Accounts payable and accrued liabilities	<u>3,735</u>
Total liabilities	<u>3,735</u>
 <u>FUND BALANCES</u>	
Restricted	1,029
Unassigned	<u>327,839</u>
Total fund balances	<u>328,868</u>
Total liabilities and fund balances	<u>\$ 332,603</u>

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	165,006	
Less accumulated depreciation	<u>(165,006)</u>	-
Net position of governmental activities (Page 8)		<u>\$ 328,868</u>

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>General Fund</u>
Revenues:	
Property taxes	435,741
Charges for services	162,772
Public service taxes	59,386
Intergovernmental	59,882
Licenses and permits	18,030
Fines and forfeitures	368
Investment income	1,850
Other revenue	827
Total revenues	<u>738,856</u>
 Expenditures:	
Current:	
General government	82,024
Public safety	592,239
Physical environment	13,875
Culture and recreation	1,366
Total expenditures	<u>689,504</u>
 Net change in fund balance	 49,352
 Fund Balance, beginning of year, as previously presented	 354,516
Prior period adjustment (See note 8)	75,000
Fund Balance, beginning of year, as restated	<u>279,516</u>
Fund balance - ending	<u>\$ 328,868</u>

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2018

	<u>ASSETS</u>	<u>Proprietary Fund</u>
Current assets:		
Cash and cash equivalents		374,523
Prepays		<u>3,867</u>
Total current assets		<u>378,390</u>
Non-current assets:		
Capital assets:		
Infrastructure		1,642,191
Less accumulated depreciation		<u>(847,734)</u>
Total capital assets - net		<u>794,457</u>
Total assets		<u>1,172,847</u>
	<u>LIABILITIES</u>	
Current liabilities:		
Accounts payable		<u>13,630</u>
Total current liabilities		<u>13,630</u>
	<u>NET POSITION</u>	
Investment in capital assets		794,457
Unrestricted		<u>364,760</u>
Total net position		<u>\$ 1,159,217</u>

See notes to basic financial statements

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Operating revenues:	
Charges for services	<u>268,373</u>
Total operating revenues	<u>268,373</u>
Operating expenses:	
Administrative costs	27,015
Operations and maintenance	30,210
Water and disposal costs	162,802
Depreciation	<u>42,238</u>
Total operating expenses	<u>262,265</u>
Operating income	<u>6,108</u>
Nonoperating revenues:	
Investment income	<u>3,230</u>
Total nonoperating revenues	<u>3,230</u>
Change in net position	9,338
Net position, beginning of year, as previously presented	1,234,028
Prior period adjustment (See note 8)	<u>84,149</u>
Net position, beginning of year, as restated	<u>1,149,879</u>
Net position, ending	<u>\$ 1,159,217</u>

See notes to basic financial statements.

TOWN OF BRINY BREEZES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Cash Flows From Operating Activities:	
Cash received from customers and other governments	\$ 191,727
Cash paid to suppliers	<u>(306,646)</u>
Net cash used in operating activities	<u>(114,919)</u>
Cash Flows From Investing Activities:	
Investment income	<u>3,230</u>
Net cash provided by investing activities	<u>3,230</u>
Net decrease in Cash and Cash Equivalents	(111,689)
Cash and Cash Equivalents, October 1	<u>486,212</u>
Cash and Cash Equivalents, September 30	<u>\$ 374,523</u>
Reconciliation of Operating Income to Cash and Cash Equivalents used in Operating Activities:	
Operating income	<u>\$ 6,108</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	42,238
Changes in assets and liabilities:	
(Increase) decrease in:	
Prepays	(3,867)
Increase (decrease) in:	
Accounts payable	(82,752)
Due to other funds	<u>(76,646)</u>
Total adjustments	<u>(121,027)</u>
Net cash used in operating activities	<u>\$ (114,919)</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Town of Briny Breezes, Florida's (the "Town") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Financial Reporting Entity

The Town of Briny Breezes, Florida (the "Town") is a municipal corporation governed by an elected mayor and five-member council under a Mayor/Council form of government. The Town is located in Palm Beach County, Florida and was incorporated in 1963 under chapter 165.03 of the Florida Statutes. The Town provides the following services to its residents – law enforcement and fire control, protective inspections, sanitation, environmental, public works, civil defense, and general and administrative services. In addition, the Town owns and operates a water distribution system and a sewage collection system.

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the Town. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Town's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no organizations which met the criteria described above.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (CONTINUED)

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives cash.

The Town reports the following major governmental fund:

The **general fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The **water and sewer fund** accounts for the operating activities of the Town's water and sewer service.

The financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the Town follow the guidance of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for both the government wide and proprietary fund financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The Town has elected not to follow subsequent FASB guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund is charges to customers for services.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is Town policy to use restricted resources first, and then unrestricted resources as needed.

D. Assets, liabilities, deferred outflows / inflows of resources and net position / fund balance

1. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e, the current portion of interfund loans) or as advances to/from other funds (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as a due to/from other funds at the fund level and internal balances at the government wide level.

All receivables due from external sources are considered to be fully collectible and as such, an allowance for doubtful accounts has not been established.

3. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Palm Beach County (the "County") on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Palm Beach County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for Ad Valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (Continued)

3. Property Taxes (Continued)

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town council and the Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Town for the fiscal year ended September 30, 2018 was 10.0 mills (\$10.00 per \$1,000 of taxable assessed valuation).

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, sidewalks, culverts, light poles, and similar items), are reported in the applicable columns in the applicable governmental or business – type activities columns in the government-wide financial statements and in the fund financial statement for proprietary fund.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$750 for equipment and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as they are completed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	40
Furniture and equipment	5-10

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and a resulting gain or loss is recorded in the government-wide financial statements.

5. Net Position/Fund Balance

Total equity as of September 30, 2018, is classified into three components of net position:

- **Net investment in capital assets:** This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- **Restricted net position:** This category consists of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- **Unrestricted net position:** This category includes all of the remaining net position that does not meet the definition of the other two categories.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (Continued)

5. Net Position/Fund Balance (Continued)

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Town Council. Ordinances and resolutions of the Town Council are the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council. Ordinances and resolutions are equally binding.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned — All other spendable amounts.

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. The Town has no material violations of finance-related legal and contractual obligations.

Fund Accounting Requirements- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements, and segregation for management purposes.

Revenue Restrictions- the Town has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Tax	Transportation and roads

For the fiscal year ended September 30, 2018, the Town complied, in all material respects, with these revenue restrictions.

NOTE 3 – DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized. The book value of the Town's deposits on the Statement of Net Position date was \$691,233.

NOTE 4 – RECEIVABLES

Accounts receivable at year-end consisted of \$11,024 pertaining to taxes receivable.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets being depreciated:				
Leasehold improvements	\$ 145,557	\$ -	\$ -	\$ 145,557
Furniture and equipment	<u>19,449</u>	<u>-</u>	<u>-</u>	<u>19,449</u>
Total capital assets being depreciated	<u>165,006</u>	<u>-</u>	<u>-</u>	<u>165,006</u>
Less accumulated depreciation for:				
Leasehold improvements	(145,557)	-	-	(145,557)
Furniture and equipment	<u>(19,449)</u>	<u>-</u>	<u>-</u>	<u>(19,449)</u>
Total accumulated depreciation	<u>(165,006)</u>	<u>-</u>	<u>-</u>	<u>(165,006)</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets being depreciated:				
Infrastructure	\$ 1,642,191	\$ -	\$ -	\$ 1,642,191
Total capital assets being depreciated	<u>1,642,191</u>	<u>-</u>	<u>-</u>	<u>1,642,191</u>
Less accumulated depreciation for:				
Infrastructure	<u>(805,496)</u>	<u>(42,238)</u>	<u>-</u>	<u>(847,734)</u>
Total accumulated depreciation	<u>(805,496)</u>	<u>(42,238)</u>	<u>-</u>	<u>(847,734)</u>
Business-type activities capital assets, net	<u>\$ 836,695</u>	<u>\$ (42,238)</u>	<u>\$ -</u>	<u>\$ 794,457</u>

NOTE 6 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town has joined with other municipalities in the State participating in the Florida League of Cities Municipal Self Insurance Program, (the "Program") a public entity risk pool currently operating as a common risk management and insurance program. The inter-local agreement with the Florida League of Cities Municipal Self Insurance Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies. During the past three years, the Town has not incurred any significant claims nor have there been any significant reductions in coverage.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Contractual Obligations

Police Services

The Town entered into an agreement with the City of Boynton Beach for professional law enforcement services for the period October 1, 2016 to September 30, 2019. The agreement calls for an annual fee of \$200,000 payable in twelve equal monthly installments, the compensation payable by the Town of Briny Breezes to the City of Boynton Beach shall be adjusted, effective October 1 of each year of the Agreement, by the annual all Urban Consumer Price Index Miami – Ft. Lauderdale - (CPI), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, plus 1.5%. The Town paid \$206,997 for police services for the fiscal year ended September 30, 2018.

Fire and Emergency Medical Services

The Town entered into an agreement with the City of Boynton Beach for fire and emergency medical services for the period October 1, 2016, to September 30, 2028. The current year's expenditure was \$370,995 and will increase each year of the contract by the greater of CPI or 4%.

Municipal Revenue Sharing Recycling Program

The Town entered into an agreement with the Solid Waste Authority of Palm Beach County (the "Authority") to establish a recycling program and carry out recycling activities within the Town from October 1, 2008 through September 30, 2018. The agreement automatically renews for successive 5 year periods unless written notice to terminate the agreement is provided by the preceding April 30th. Within the agreement, the Authority agreed to pay the Town a minimum of 50% of the net revenues earned from the sale of residential recovered material attributable to the Town on a quarterly basis. Net revenues are defined as recovered residential materials revenue less the processing cost. The actual percentage paid to the Town will be determined annually through the Authority's budget process.

NOTE 8 – RESTATEMENT

During the current year, it was determined by the Town that the September 30, 2017 ending net position/fund balance (as applicable) for the Town of Briny Breezes was to be restated to correct the beginning net position/fund balance (as applicable) due to funds that were refunded to Briny Breezes Inc. for multiple projects that were not undertaken. In the General Fund \$75,000 was refunded to the corporation for a sidewalk widening project and in the Enterprise fund \$84,148 was refunded to the corporation for a water main replacement project.

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

NOTE 8 – RESTATEMENT (CONTINUED)

The following presents the impact in the net position/fund balance (as applicable) as of October 1, 2017:

Governmental Activities:	
Net position - beginning of year, as previously presented	354,516
Refund to Briny Breezes Inc. for sidewalk expansion project	75,000
Net position - beginning of year, as restated	<u>279,516</u>
Business Type Activities:	
Net position - beginning of year, as previously presented	1,234,028
Refund to Briny Breezes Inc. for water main replacement project	84,149
Net position - beginning of year, as restated	<u>1,149,879</u>
General Fund:	
Fund balance - beginning of year, as previously presented	354,516
Refund to Briny Breezes Inc. for sidewalk expansion project	75,000
Fund balance - beginning of year, as restated	<u>279,516</u>
Enterprise Fund:	
Net position - beginning of year, as previously presented	1,234,028
Refund to Briny Breezes Inc. for water main replacement project	84,149
Net position - beginning of year, as restated	<u>1,149,879</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

Briny Breezes, Inc. (the "Corporation") is the company that manages and owns all of the property in the Town. The property owners of the Town of Briny Breezes are all shareholders of the Corporation. The Town rents an office from Briny Breezes, Inc. for its Town Council meetings and business. The Town entered into an agreement with Briny Breezes Inc. for a term of five years (5) and nine (9) months, commencing April 1, 2008 and ending December 31, 2013. The Town paid \$16,554 for rent for the fiscal year. This lease was extended to September 30, 2019.

The Town charged the Corporation \$100,150 for fire and emergency medical services and \$60,150 for police services during the fiscal year.

The Town Clerk Pro Tem submits an annual budget to the Town Council in accordance with the Town Charter and the Florida Budget Act. The budget is presented to the Town Council for review, and public hearings are held to address priorities and the allocation of resources. In September, the Town Council adopts the annual fiscal year appropriated budgets for the Town funds. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Annually appropriated budgets are also approved for the proprietary fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRINY BREEZES, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 426,350	\$ 426,350	\$ 435,741	\$ 9,391
Charges for services	219,407	219,407	162,772	(56,635)
Public service taxes	50,100	50,100	59,386	9,286
Intergovernmental	54,000	54,000	59,882	5,882
Licenses and permits	15,750	15,750	18,030	2,280
Fine and Forfeitures	1,620	1,620	368	(1,252)
Investment income	233	233	1,850	1,617
Other	-	-	827	827
Total revenues	<u>\$ 767,460</u>	<u>\$ 767,460</u>	<u>\$ 738,856</u>	<u>\$ (29,431)</u>
Expenditures:				
General government	135,128	135,128	82,024	53,104
Public safety	593,295	593,295	592,239	1,056
Physical environment	16,787	16,787	13,875	2,912
Culture and recreation	1,250	1,250	1,366	(116)
Transfers to Reserves	21,000	21,000	-	21,000
Total expenditures	<u>\$ 767,460</u>	<u>\$ 767,460</u>	<u>689,504</u>	<u>\$ 77,956</u>
Excess of revenues over expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>49,352</u>	<u>\$ 49,352</u>
Net change in fund balance			49,352	
Fund balance, beginning of year, as previously presented			354,516	
Prior period adjustment (See note 8)			75,000	
Fund balance, beginning of year, as restated			<u>279,516</u>	
Fund balances - ending			<u>\$ 328,868</u>	

TOWN OF BRINY BREEZES, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2018

I. Basis of budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: general government, public safety, physical environment, transportation, cultural and recreational, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council. Within these control levels, the Council may transfer appropriations.

The Town's Council may make by ordinance supplemental appropriations during the fiscal year. There were no supplemental appropriations for the fiscal year ended September 30, 2018.

The budgets for the general fund and proprietary fund operations are prepared on the basis of generally accepted accounting principles in the United States of America. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

For the fiscal year ended September 30, 2018, the culture and recreation expenditures exceeded appropriations by \$116. This over-expenditure was funded by greater than expected revenues in the General Fund.

SUPPLEMENTARY INFORMATION

TOWN OF BRINY BREEZES, FLORIDA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 268,073	268,073	\$ 268,373	\$ 300
Total operating revenues	<u>268,073</u>	<u>268,073</u>	<u>268,373</u>	<u>300</u>
Operating expenses:				
Administrative costs	48,236	48,236	27,015	21,221
Operations and maintenance	37,887	37,887	30,210	7,677
Water and disposal costs	182,250	182,250	162,802	19,448
Depreciation	-	-	42,238	(42,238)
Total operating expenses	<u>\$ 268,373</u>	<u>\$ 268,373</u>	<u>\$ 262,265</u>	<u>\$ 6,108</u>
Operating income (loss)	<u>(300)</u>	<u>(300)</u>	<u>6,108</u>	<u>(5,808)</u>
Nonoperating revenues:				
Investment income	<u>300</u>	<u>300</u>	<u>3,230</u>	<u>2,930</u>
Total nonoperating revenues	<u>300</u>	<u>300</u>	<u>3,230</u>	<u>2,930</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,338</u>	<u>\$ 9,338</u>
Net position, beginning of year, as previously presented			1,234,028	
Prior period adjustment (See note 8)			<u>84,149</u>	
Net position, beginning of year, as restated			<u>1,149,879</u>	
Net position, ending			<u>\$ 1,159,217</u>	

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Briny Breezes, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 28, 2019 .

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
March 28, 2019



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Briny Breezes, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 28, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C section 315, regarding the compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment has been performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Town Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
March 28, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor and Members of the Town Council
Town of Briny Breezes, Florida

We have examined the Town of Briny Breezes, Florida's (the "Town") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements. In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of management, the Mayor, the Town Council, others within the Town and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
March 28, 2019